## Message Text

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INFO OCT-01 EUR-12 ISO-00 CIAE-00 H-01 INR-10 L-03
NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11 OMB-01
TRSE-00 FAA-00 DOTE-00 COME-00 EB-08 ACDA-12 /087 W
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P 231623Z JUN 78 FM AMEMBASSY LONDON TO SECSTATE WASHDC PRIORITY 7484 INFO DOD WASHDC PRIORITY

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DOD FOR DSAA

E.O. 11652: GDS TAGS: MASS

SUBJECT: U.S. PARTICIPATION IN FARNBOROUGH AIR SHOW

REF: LONDON 8828

- 1. THE ARTICLE ENTITLED "NON-RECOGNITION OF FARNBOROUGH SHOW JEOPARDIZES U.S. DISPLAY" IN THE JUNE 19 ISSUE OF AVIATION WEEK HAS PRODUCED AN IMMEDIATE AND NEGATIVE RESPONSE FROM THE SOCIETY OF BRITISH AERO SPACE COMPANIES (SBAC), THE SPONSOR OF THE FARNBOROUGH SHOW. THE SOCIETY'S PRESIDENT, SIR RICHARD SMEATON, TELLS US HE HAS HAD PRIVATE CONFIRMATION FROM SEVERAL PRIVATE AMERICAN FIRMS OF SOME OF THE ALLEGATIONS IN THE AVIATION WEEK STORY. HE CLAIMS THEY SAY THEY HAVE BEEN GIVEN THE WORD NOT TO PARTICIPATE IN FARNBOROUGH. HE ALSO SAYS HE UNDERSTANDS THAT THIS PRIVATE ADVICE IS BEING GIVEN BY SENIOR OFFICIALS OF STATE AND DEFENSE, WHO IN HIS VIEW, ARE OVER-INTERPRETING THE PRESIDENT'S POSITION.
- 2. SMEATON BY NOW HAS ACCEPTED THE DEPT OF COMMERCE'S DECISION NOT TO PARTICIPATE IN FARNBOROUGH. HE ALSO CONFIDENTIAL

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SAYS THAT HE IS WILLING TO CONCEDE THAT THE PRESIDENT'S POLICY ON CONVENTIONAL ARMS TRANSFER MAY PRECLUDE DISPLAY OF ACTUAL EQUIPMENT, SUCH AS MIGHT BE OBTAINED ON BAILMENT FROM DEPARTMENT OF DEFENSE. HOWEVER HE IS INFORMED THAT U.S. FIRMS ARE BEING ADVISED NOT EVEN TO DISPLAY MODELS.

- 3. ACCORDING TO SMEATON NO PREVIOUSLY SCHEDULED U.S. EXHIBITORS HAVE TOTALLY WITHDRAWN FROM FARNBOROUGH BUT HE HAS BEEN WARNED THAT SOME MAY SOON DO SO.
- 4. SMEATON INFORMED US, WHEN WE TALKED ON JUNE 22, THAT HE WAS ABOUT TO DISCUSS THE ISSUE WITH THE MINISTRY OF DEFENSE AND THE FOREIGN OFFICE. HE ALSO MADE A RATHER HEAVY HANDED REFERENCE TO THE FACT THAT HE WEARS ANOTHER HAT AS SECRETARY OF THE UK DEFENSE INDUSTRIES COMMITTEE, AND THAT THE COMMITTEE IS CONTINUALLY RECEIVING U.S. REQUESTS ON ISSUES SUCH AS STANDARDIZATION, REQUESTS WHICH THE EVIDENT U.S. POSITION ON FARNBOROUGH MAKES DIFFICULT TO STOMACH.
- 5. LATER THE SAME DAY SIR FRANK COOPER, THE PERMANENT SECRETARY AT THE MINISTRY OF DEFENSE, CALLED THE DCM. SMEATON HAD INDEED STATED TO MOD MANY OF THE POINTS MADE TO US, AND HAD SAID HE WAS DEEPLY UPSET ABOUT THE U.S. PROHIBITING ANY MILITARY PARTICIPATION IN FARNBOROUGH. COOPER SAID THAT MULLEY, THE DEFENSE MINISTER, DID NOT WANT TO "CLOBBER" THE U.S. ABOUT THIS RELATIVELY MINOR ISSUE, BUT DID WANT SMEATON'S CONCERN TO BE CONVEYED TO US.
- 6. TODAY'S PRESS CONTAINS SEVERAL STORIES ON THE AFFAIR, INCLUDING AN EXTENSIVE ONE IN THE FINANCIAL TIMES. THE CONFIDENTIAL

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INFO OCT-01 EUR-12 ISO-00 CIAE-00 H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11 OMB-01 TRSE-00 FAA-00 DOTE-00 COME-00 EB-08 ACDA-12 /087 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 7485 INFO DOD WASHDC PRIORITY

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EMBASSY HAS BEEN RECEIVING INQUIRIES FROM THE AVIATION WEEK CORRESPONDENT.

7. COMMENT: THE PUBLICITY SURROUNDING U.S. PARTICIPATION OR NON-PARTICIPATION IN FARNBOROUGH MAY BECOME MORE OF A CONSIDERATION THAN THE SUBSTANTIVE ISSUE INVOLVED. AT THE VERY LEAST, THE EMBASSY NEEDS A FULL EXPLANATION OF THE SITUATION AS SEEN FROM THE WASHINGTON ANGLE, INCLUDING COMMENT ON THE AVIATION WEEK ARTICLE. SUCH EXPLANATION SHOULD INCLUDE ADVICE ON HOW TO RESPOND TO SMEATON AND MOD AND HOW TO HANDLE THE PUBLIC RELATIONS ASPECT OF THIS AFFAIR.

8. THAT IS A MINIMUM. WE CONTINUE, HOWEVER, TO FEEL AS WE DID IN REFTEL, THAT THERE IS A BETTER ARGUMENT FOR U.S. PARTICIPATION IN FARNBOROUGH THAN FOR ANYTHING THAT MIGHT BE DEPICTED AS NON-PARTICIPATION AT GOVERNMENT DICTATE. WHILE WE CERTAINLY DO NOT ENDORSE SMEATON'S CLUMSY REFERENCES TO COOPERATION IN THE DEFENSE AREA, WE HAVE IN ALL REALISM TO NOTE THAT THE U.S. HAS MANY INTERESTS AT STAKE IN THE AVIATION FIELD IN THE U.K. THESE RANGE FROM ADDITIONAL ROUTE AUTHORICONFIDENTIAL

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ZATION THROUGH AIRCRAFT PURCHASES TO POTENTIAL CO-PRODUCTION DETAILS. SOME OF THE SAME PEOPLE WHO ARE INVOLVED IN FARNBOROUGH HAVE A ROLE IN DECIDING OTHER ISSUES LIKE THIS. WE THINK THIS SHOULD BE BORNE IN MIND BEFORE A DECISION, OR EVEN A "NON-DECISION", WHICH LEADS TO NON-PARTICIPATION IN FARNBOROUGH, IS TAKEN.

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